

## **WARREN COUNTY BOARD OF SUPERVISORS**

COMMITTEE: **JOINT FINANCE/OCCUPANCY TAX COORDINATION**

DATE: **MARCH 31, 2011**

### **Finance Committee Members Others Present:**

#### **Present:**

Supervisors

Thomas

Taylor

Goodspeed

Belden

Monroe

VanNess

Kenny

Merlino

Conover

Daniel G. Stec, Chairman of the Board

Paul Dusek, County Attorney/Administrator

Joan Sady, Clerk of the Board

Kevin Geraghty, Budget Officer

Supervisor Wood

Frank O'Keefe, Treasurer

Rick Murphy, Fiscal Assistant to the Administrator

Bill Dutcher, Americade

Luisa Craige-Sherman, Lake George Regional

Chamber of Commerce

Don Lehman, *The Post Star*

Nicole Livingston, Deputy Clerk

### **Occupancy Tax Coordination Committee Members Present:**

Supervisors

Bentley

Champagne

McCoy

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Mr. Thomas called the meeting of the Joint Finance/Occupancy Tax Coordination Committee to order at 11:00 a.m.

Motion was made by Mr. Belden, seconded by Mr. VanNess and carried unanimously to approve the minutes of the March 9, 2011 Finance Committee meeting, subject to correction by the Clerk of the Board.

Motion was made by Mr. Bentley, seconded by Mr. Conover and carried unanimously to approve the minutes of the March 10, 2011 Occupancy Tax Coordination Committee meeting, subject to correction by the Clerk of the Board.

Copies of the Agenda were provided to the Committee members, and a copy of same is on file with the minutes.

Mr. Kenny advised there was some Occupancy Tax Coordination Committee business which would need to be resolved prior to commencing with the Agenda and he requested Francis O'Keefe, County Treasurer, to present a report.

Mr. O'Keefe said he would present an interim report through March 30, 2011 and the final report would be available on April 8, 2011; a copy of the report is on file with the minutes. He reported the balance of the Occupancy Tax Reserve Fund to be \$2,408,097.77 as of December 31, 2009. He apprised 2010 occupancy tax revenues totaled \$3,404,767.31 and 2010 expenditures totaled \$3,159,065.06. He added the estimated balance in the Occupancy Tax Reserve Fund at the end of 2010 was

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\$2,653,800.02. Mr. O'Keefe listed the following 2011 appropriations: \$1,486,870 for the 2011 Tourism Budget; \$35,000 for production of the Jimmer Fredette commercial; \$38,700 for additional special event funding; \$5,900 to cover an increase in overtime; and \$12,000 for additional special event funding to the New York State Boys Basketball Championships. Once the appropriations were deducted from the estimate, he continued, the balance remaining in the Occupancy Tax Reserve Fund totaled \$1,075,330.03. Mr. O'Keefe stated the Board had designated the minimum balance of the Reserve Fund to be \$500,000; therefore, he added, there was an unencumbered balance of \$575,330.02. He advised additional revenues would be collected between now and April 8, 2011 and he would provide a final report once all revenues were received. In the future, Mr. O'Keefe stated, he would include the balance of the Occupancy Tax Reserve Fund on interim and monthly reports in 2011, as well as the annual report.

Mr. Kenny said recent special event funding awards were approved at the March 18, 2011 Board meeting based on the adoption of a resolution to increase the amount of special event funding to a flat amount of \$350,000 as opposed to 10% of the prior year's collections. He added a resolution was required to appropriate the necessary funds from the Occupancy Tax Reserve Fund.

Motion was made by Mr. Conover, seconded by Mr. Bentley and carried unanimously to authorize appropriation of the fund balance designated for Occupancy Tax Reserve to fund Tourism-Special Events (Code A.6417 480) in the amount of \$56,600. *A copy of the resolution request form is on file with the minutes and the necessary resolution was authorized for the April 15, 2011 Board meeting.*

This concluded the Occupancy Tax Coordination portion of the meeting and the Joint Finance/Occupancy Tax Coordination portion commenced at 11:06 a.m.

Mr. Thomas pointed out it was necessary to discuss the possibility of utilizing occupancy tax funds for development of the Festival Space on the former Gaslight Village property. He reported that the Gaslight Village Ad Hoc Committee had authorized the release of an RFP (Request for Proposal) for consultant services for development of the Festival Space utilizing occupancy tax funds.

Mr. Belden advised that the Gaslight Village Ad Hoc Committee was suggesting the use of occupancy tax funds for design consulting services and not for construction. Mr. Monroe said he was in favor of the suggestion, as the property was an asset to the County which would generate revenue. He added it was critical to move forward with the design of the Festival Space to avoid delays with other portions of the project. Mr. Bentley asked if the occupancy tax funds would be reimbursed by parking revenues from the Gaslight Village property. Mr. Monroe said he was unsure if there would be enough parking revenues for reimbursement, as they were intended to cover the cost of maintaining the property. Mr. Merlino stated he was not opposed to utilizing a small

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amount of occupancy tax funds to cover the cost of design consultant services; however, he added, he was concerned that the Occupancy Tax Reserve Fund would be used as a "piggy bank" for the Gaslight Village property. Mr. Conover suggested that any parking revenues in excess of the amount required to cover the cost of maintaining the property be allocated to reimburse the Occupancy Tax Reserve Fund. He asked if there was a cost estimate for design consultant services and Mr. Monroe responded the Project Management Executive Committee (PMEC) was meeting today with the current consultant and he would have a better idea of the possible costs following the meeting. Mr. Conover pointed out that the Occupancy Tax Coordination Committee had been opposed to establishing a Capital Project Reserve Fund with occupancy tax revenues to fund the future construction of a Tourism Building. Mr. VanNess noted the consultant would be hired for design of the Festival Space which was the area that the County had an interest in and not for design of the remainder of the environmental park. He added the consultant would design the Festival Space to attract potential events; thereby increasing tourism.

Mr. Monroe explained the consultant would need to obtain public input on how the Festival Space should be designed and ensure that the proposed design coordinated with the environmental park. He said that TEP (Transportation Enhancement Program) Grant funding would be utilized to construct facilities, such as restrooms, near the boundaries of the Festival Space and it would be difficult for the design consultant of the environmental park to make decisions on those facilities until the design of the Festival Space was known. Mr. Taylor opined it was a legitimate use of occupancy tax funds; however, he voiced his concern pertaining to the possibility of the Festival Space becoming a burden on the taxpayers. Mr. Champagne said he was in favor of using occupancy tax funds for a design consultant and he noted the revenues derived from the Gaslight Village property were intended for other uses, making it unlikely there would be excess funds available to reimburse the Occupancy Tax Reserve Fund. He added he was unsure if it would be possible to draft an agreement which would require the reimbursement.

Paul Dusek, County Attorney/Administrator, stated the conservation agreement with the 3E's (the Lake George Association, The Fund for Lake George and the Lake George Land Conservancy) provided that all revenues earned on the property would be used for maintaining the Festival Space or other portions of the property. He said he would review the conservation agreement to determine if it was possible to essentially borrow funds from occupancy tax on a reimbursement basis. He pointed out there was some doubt as to whether the property would generate sufficient revenue to cover the cost of maintaining it. Mr. Belden agreed with Mr. Dusek's assessment and added the revenues would be utilized for all types of maintenance on the property including lawn maintenance and janitorial services. He noted the Festival Space would not generate revenue above the amount that was necessary to cover the cost of maintenance. Mr.

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Monroe interjected that although the Festival Space would not generate much revenue, there would be an impact on sales tax revenue due to increased tourism.

Mr. Conover voiced his concern that the construction project resulting from the design consultant's plan would require a large investment and he asked for confirmation that occupancy tax funds would not be required. Mr. Monroe stated that when the County established occupancy tax, he had felt strongly that the fund should not be limited to just tourism promotion and the ability should exist to utilize the funds for capital projects. Occupancy tax funds did not benefit the Town of Chester, he said, if they were only expended on direct tourism promotion; however, he added, expending the funds on capital projects could result in additional activities for tourists. He pointed out that he was not advocating for the use of occupancy tax funds for construction on the Festival Space and noted it was very likely that grant funding would be available once a design plan was established. He stated that allocating occupancy tax funds for the design consultant did not obligate the use of occupancy tax funds for the construction. Mr. Conover asked for clarification if the request for funds would allow the creation of a plan which would allow the possibility of accessing State or Federal grant funding to be used for construction and Mr. Monroe said that was correct.

Mr. Champagne commented he would prefer that the design consultant create a "phased" plan with a variety of cost options. He added that at the Gaslight Village Ad Hoc Committee meeting there was mention of an additional \$600,000 grant which had been received for the project but the details were unknown at this time. Mr. Geraghty responded he believed the grant funding had been committed two years ago by Senator Gillibrand.

Mr. VanNess stated that there had been opposition to the concept of constructing any buildings on the Festival Space and Mr. Monroe explained that when he said construction he was referring to any necessary grading or paving. Mr. Merlino voiced his opinion that the property was currently being utilized as a parking lot and a design consultant would only give advise on landscaping. Mr. VanNess pointed out there was the potential of simple construction for items, such as platforms or porous pavement. Mr. Monroe advised there would be a series of meetings between the design consultant and the stakeholders of the property to determine the desires of all. He pointed out there was tremendous support for the project from the State and Mr. Belden agreed. Mr. Monroe mentioned that Senator Gillibrand had offered to assist the County with grant funding once a plan for the Festival Space was determined.

Mr. Belden said TEP Grant funding could not be expended until a plan for the Festival Space was determined and Mr. Thomas pointed out that the Village of Lake George was the administrator of the grant. Mr. Monroe explained the TEP Grant would be used for the wetlands portion of the project, as well as for facilities along the boundaries of

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the Festival Space and he added that using TEP Grant funding in the Festival Space would impair the ability to generate revenues.

Mrs. Wood asked if the Village of Lake George received a portion of the revenues derived from the property and Mr. Thomas replied that part of the revenues were allocated towards the debt incurred by the Village when they bought out the Town of Lake George's interest in the property. Mrs. Wood asked if the County had received any grant funding for the property and Mr. Thomas replied in the negative. Mrs. Wood opined the County would incur the costs of the property and reap none of the benefits.

Mr. McCoy questioned the percentage of ownership and Mr. Dusek responded the County owned 62% and the Village owned 38%. Mr. McCoy asked if the Village would cover 38% of the costs associated with the design consultant and Mr. Monroe responded that the Village had not yet offered to pay any portion. He added the revenue derived from the property was split according to the percentage of ownership. Mr. Kenny stated the revenues from the property should be the first source of funding to cover expenses, such as the cost of the design consultant. Mr. Merlino reiterated that a portion of the revenues was used towards the debt that was incurred by purchasing the Town's interest. Mr. Monroe pointed out that the agreement stated revenues would be allocated towards maintenance expenses first and there was no guarantee of additional revenues to reimburse the debt.

Mr. Belden asked if the County was responsible for any portion of the debt and Mr. Dusek replied in the negative. Mr. Dusek explained the agreement for the buy out of the Town of Lake George stated the revenues were first applied to the expenses associated with maintaining the property and if there was any excess revenues, the balance would be used to offset the bond expenses paid by the Village.

Mr. VanNess agreed with Mrs. Wood and said the Village should share in the costs associated with the property. He stated the Village would benefit from additional sales tax revenues derived from the development of the property, more so than any of the individual Towns. Mr. Thomas asked if part of the agreement included the fact that the Village would be responsible for management of the property which would be attributed a value. Mr. Bentley said the County would not receive any revenue from the property until the bond was paid. Mr. Dusek explained it had always been intended that the revenues derived from the property would be allocated back to the expenses.

Mr. Monroe agreed that the Village should pay a portion of the cost for the design consultant; however, he added, the Village had a greater financial risk than the County because they had issued two separate bonds. He said the Village had borrowed all of the necessary funds to buy out the Town of Lake George's interest in the property. He added if the County had been the grantee on the TEP Grant, it would have been necessary to borrow funds for cash flow purposes. Mr. Geraghty asked if the County

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would be responsible for allocating revenues towards the bond payments for a long period of time and Mr. Dusek responded affirmatively, adding that the revenues would be allocated until the bond was paid in full.

Motion was made by Mr. Goodspeed and seconded by Mr. Bentley to authorize the use of occupancy tax funds for design consulting services strictly for planning purposes of the Festival Space contingent upon a prorated share of the costs between the County (62%) and the Village (38%).

Mr. Goodspeed pointed out that his motion was for planning purposes only and did not include any construction. Mr. Monroe said they should not eliminate the possibility of future construction until advice was received from the consultant. Mr. Taylor agreed and added it was possible that the concept of a capital project which would attract many tourists would be suggested by the consultant and the decision on possible construction should not be made until that time. Mr. VanNess clarified that the motion would not eliminate the possibility of construction, it merely made it clear that no funds were being dedicated for construction at this time. Mr. Kenny commented that he had heard the property referred to as a parking lot but it would be much more than that when completed. He stated that the County had funded over \$2 million on special events in the last seven years without having a gathering space in which to hold those events. Mr. Kenny continued by saying the County now had the opportunity to have a gathering space in the middle of Lake George with a view of the lake. He commented that the consultant would most likely offer several options for design of the Festival Space. He reminded the Committee there had been discussion and approval on the selling of naming rights for the Festival Space and there was the potential for a private business to offer to cover the cost of constructing a pavilion if it carried their name.

Following further discussion on the matter, Mr. Thomas called the question and the motion was carried unanimously to authorize the use of occupancy tax funds for design consulting services strictly for planning purposes of the Festival Space contingent upon the Village of Lake George paying their proportionate share (38%) towards the cost with the County paying their proportionate share (62%).

There being no further business to come before the Committees, on motion made by Mr. VanNess and seconded by Mr. Bentley, Mr. Thomas adjourned the meeting at 11:51 a.m.

Respectfully submitted,

Nicole Livingston, Deputy Clerk